

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 IO-10 ISO-00 AGR-05 CIAE-00

COME-00 INR-07 LAB-04 NSAE-00 SP-02 STR-04 TRSE-00

CIEP-01 FRB-03 OMB-01 L-02 SS-15 NSC-05 NSCE-00

INRE-00 SSO-00 /085 W

----- 034327

O R 242104Z APR 75 ZFF-4

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC IMMEDIATE 7414

INFO AMEMBASSY WARSAW

USMISSION GENEVA

C O N F I D E N T I A L MEXICO 3573

E.O. 11652: GDS

TAGS: ETRD, MX

SUBJECT: TEXTILES - DRAFT NOTE

WARSAW FOR MICHAEL SMITH; GENEVA FOR PHELAN

REF: STATE 086885

1. AMBASSADOR JOVA MET WITH UNDER SECRETARY OF INDUSTRY GUILLERMO BECKER ON APRIL 23 TO SHOW CONTINUED ACTIVE USG SUPPORT FOR BILATERAL TEXTILE AGREEMENT AND TO NOTIFY GOM THAT USG CANNOT AGREE TO MEXICO'S REQUEST FOR A TWO-MONTH GRACE PERIOD. AMBASSADOR MADE POINTS CONTAINED REFTTEL.

2. AS PREVIOUSLY REPORTED, BECKER CONFIRMED THAT HE AND OTHER MEMBERS OF MEXICAN DELEGATION ARE PLEASED WITH AGREEMENT AND WERE PREPARED TO GIVE CONCURRENCE TO DRAFT NOTE. HE SAID MEXICAN TEXTILE INDUSTRY WAS MILDLY OPPOSED TO SOME ASPECTS OF AGREEMENT BUT IS NOT PRESSURING GOM NOT TO CONCUR. OPPOSITION IS COMING EXCLUSIVELY FROM 807 APPAREL MANUFACTURERS. GOVERNORS OF CHIHUAHUA AND BAJA CALIFORNIA NORTE HAVE INTERCEDED WITH RES. ECHEVERRIA ON THEIR BEHALF.
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POWERFUL UNIONS (CTM) IN THOSE STATES WHERE MOST ASSEMBLY

PLANTS LOCATED ARE ALSO PRESSURING GOM UT OF FEAR OF LOSING JOBS SHOULD PLANTS MAKE GOOD ON THREAT TO CLOSE OR CUT BACK PRODUCTION. BECKER SAID HIS DELAY IN GIVING CONCURRENCE IS RESULT OF THESE MOUNTING POLITICAL PRESSURES FROM OUTSIDE HIS SECRETARIAT.

3. BECKER CONFIRMED ALSO THAT 807 MANUFACTURERS ALLEGE THAT BEFORE MEXICO BEGAN WASHINGTON NEGOTIATIONS SOME HAD ALREADY BEGUN MAJOR EXPANSIONS OF PLANT CAPACITY AND HAD FIRM ORDERS IN EXCESS OF NEW CONSULTATION LEVELS. ACCORDING TO MANUFACTURERS, GOM NEGOTIATORS WERE UNINFORMED AND USED OUTDATED DATA. GOM IS IN FACT MAKING FULL-SCALE STUDY OF 807 SITUATION AND TEAMS OF INVESTIGATORS HAVE BEEN SENT TO BORDER TO ASCERTAIN VALIDITY OF 807 POSITION. BECKER INDICATED THE STUDY WAS UNDERTAKEN PRINCIPALLY FOR POLITICAL REASONS BUT ALSO IN BELIEF THAT GOM MAY HAVE NEGOTIATED WITHOUT KNOWING ALL FACTS. FINAL REPORT, HE SAID, IS TO BE SUBMITTED TO HIM BY END OF THIS WEEK BUT THAT PRELIMINARY INVESTIGATIONS HAD SHOWN THAT ALLEGATIONS OF 807 MANUFACTURERS ARE TO LARGE DEGREE TRUE.

4. BECKER SAID GOM WOULD LIKE TO DISCUSS WITH USG POSSIBILITY OF ADJUSTING CATEGORIES 219, 224, 225, 229, 235, AND 238 UPWARD FOR FIRST AGREEMENT YEAR ONLY. HE INDICATED THAT GOM WOULD USE CARRYFORWARD PROVISIONS TO INCREASE THESE CATEGORIES BY 6 PERCENT, MAXIMUM PERMITTED UNDER AGREEMENT, AND ADDITIONAL 7 PERCENT BY CORRESPONDING REDUCTION IN GROUP I. BECKER WOULD LIKE TO FIND SOME WAY TO INCREASE THESE CATEGORIES A FURTHER 15 PERCENT FOR FIRST AGREEMENT YEAR. HE BELIEVES THIS CAN BE ACCOMPLISHED THROUGH CHANGE IN CONSULTATION LEVELS AS CONTAINED IN BILATERAL OR THROUGH SOME SPECIAL ONE-SHOT EX-QUOTA FORMULA.

5. BECKER WOULD LIKE TO TRAVEL TO WASHINGTON DURING WEEK OF APRIL 28 IN ORDER MEET WITH USG DELEGATION REGARDING PARA 4 ABOVE. SHOULD U.S. TEAM BE IN ANOTHER LATIN AMERICAN COUNTRY HE IS WILLING TO MEET WITH THEM THERE.

6. BECKER INDICATED THAT HE IS SINCERE IN HIS DESIRE TO ACHIEVE GOAL OF INCREASED CONSULTATION LEVELS GROUP III
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CATEGORIES USED BY 807 MANUFACTURERS BUT EVEN IF USG RESPONSE WILL BE NEGATIVE HE STILL WANTS TO MAKE LAST EFFORT IN PERSON, TAKING HIS CASE TO UNITED STATES. IT WILL SERVE USEFUL POLITICAL PURPOSE. HE TOLD AMBASSADOR HAT REGARDLESS OF OUTCOME WASHINGTON MEETING, GOM SHOULD BE ABLE TO GIVE ITS CONCURRENCE TO DRAFT NOTE SHORTLY UPON HIS RETURN TO MEXICO. THOUGH AMBASSADOR MADE FIRM U.S. POSITION ABUNDANTLY CLEAR, MEETING REMAINED AMIABLE THROUGHOUT. JOVA

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